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SUBJECT: SOME IN PRIVATE SECTOR GETTING RELIGION ON
ANTI-CORRUPTION

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Classified By: Ambassador Janet Sanderson. Reason: E.O. 12958 1.4 (b),
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Summary

1. (SBU) American Chamber of Commerce (AmCham) leaders are seeking to influence President Preval's anti-corruption campaign by creating a private sector commission to work with the GoH. Some members believe that the GoH, particularly Port-au-Prince's Chief Prosecutor, is unfairly targeting the private sector, sparing state civil servants, and employing questionable methods. The members admitted Haiti has a pervasive culture of corruption, with lack of tax compliance and venality of customs officials among the worst practices. They also agreed that the GoH needs to enforce tax laws in the informal sector, which constitutes a large part of the economy. Unless President Preval works seriously with the private sector commission, and has his prosecutors investigate public officials as well as businessmen, his anti-corruption campaign will appear politically motivated and fall far short of its goal of cleaning up Haiti's business and political life. End Summary.

AmCham Sees Handwriting on Wall

2. (SBU) The Ambassador hosted seven board members from the AmCham for a breakfast meeting on September 6. The meeting was held at the request of its president Bernard Fils-Aime. Other participants included (protect all) Gladys Coupet of Citibank-Haiti, Mireille Merove-Pierre of KPMG, Ricky Hicks of Compagnie de Tabac Comme Il Faut, Philippe Armand of Dynamic Enterprise, Michel Guerrier of Dinasa/National, and Rene-Max August of Valerio Canez SA. The previous day the Ambassador met with Reginald Boulos of Le Nouveau du Matin SA and other enterprises, the businessman most recently called in for questioning by Port-au-Prince Chief Prosecutor Claudy Gassant.

3. (C) Bernard Fils-Aime told the Ambassador that it is clear President Preval will not be deterred from his anti-corruption campaign, and that prosecuting corruption is necessary for the good of business and for Haiti's development. He and other AmCham leaders agreed that the private sector should work with the GoH in its anti-corruption campaign. Fils-Aime said that Preval had welcomed their suggestion to form a private sector commission to help the GoH curb corruption. The membership of the private sector commission would be finalized in a matter of days. The President had also said he would continue investigations of private sector offenders. Fils-Aime said the commission would probably advise the GoH on improving income tax compliance, simplifying income tax law, and

cleaning up the Department of Customs. They would also suggest that the government ''amnesty'' past private sector offenses in exchange for guaranteeing future observance of the law.

Perception of Unfairness

¶4. (SBU) AmCham leaders expressed anxiety, however, that the GoH appeared to be targeting the private sector while letting public officials off the hook. They cited the continuing detention without charge of Franck Cine (major shareholder in Socabank and president of the Haitian telecommunications company Haitel REF D) and two members of the Brandt family (influential businessman Fritz Brandt and son David Brandt REF C) as examples. The Ambassador pointed out that the GoH had also arrested two customs officials linked to the Brandt case, but conceded that government-sponsored publicity surrounding these cases was negligible compared to the Cine and the Brandt cases.

The Claudy Gassant Factor

¶5. (C) Fils-Aime said Haiti's anti-corruption effort needs a prosecutor with a ''bulldog'' personality such as Claudy Gassant. However, he criticized Gassant's methods and personality, accusing him of investigating suspects selectively for maximum public effect. Fils-Aime also criticized Gassant's self-aggrandizing and publicity-seeking personality, but did not agree with suggestions from other members that Gassant's methods overstepped legal bounds.

¶6. (C) Reginald Boulos made the same point more graphically to the Ambassador in a separate meeting the previous day,

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recounting how during the prosecutor's August 23 questioning of Boulos, Gassant had accused Boulos of plotting to kill him. Gassant had also brazenly demanded a ''cut'' of the bribes he accused Boulos of paying senators for their summoning of Minister of Justice MaGloire and Gassant the day before, a tactic Boulos saw as an attempt by Gassant to either provoke or entrap him. (Note: Gassant refused to obey this summons, occasioning a Senate resolution to interpellate the entire Alexis government REF B. Gassant appeared with Magloire and testified respectfully on August 30, but the Senate resolution is still pending REF A. End note). To intimidate Boulos and fan speculation that Boulos was about to be arrested, Gassant had arranged for prison vehicles to arrive at and depart from the prosecutor's office several times during the questioning of Boulos. Boulos related that he and his lawyers had easily refuted the only charge in Gassant's file, the alleged use of the signature of a deceased customs official on a customs import form. Boulos said that in a meeting with President Preval the next day, Preval appeared surprised at the flimsiness of Gassant's case against him.

Everybody Must Pay Their Taxes

¶7. (SBU) AmCham leaders agreed with Rene-Max Auguste that corruption is an historically-rooted way of life in Haiti. Tax evasion and venality of customs officials are the biggest challenges. The AmCham leadership said that it is time for all private sector entities to respect the law; setting an example by paying one's taxes must begin with top business leaders. Gladys Coupet of Citibank stressed that the GoH must extend tax law enforcement into the informal sector, which she claimed makes up 75 percent of Haiti's economy. Mireille Merove-Pierre claimed that many informal sector entrepreneurs make as much money as businesses in the formal sector, without paying taxes.

Threats to Whistleblowers

¶8. (C) Amcham leaders said that President Preval, at his August 24 meeting with Haiti's Chamber of Commerce, had asked for their help in identifying corrupt public officials. AmCham leaders expressed trepidation to the Ambassador that previous private sector cooperation on corruption cases against state officials had led to death threats against informants and their families. Rene-Max August countered that examples of private sector cooperation with authorities could create a ''critical mass'' effect that would produce a more generalized willingness to provide evidence.

Business Sector Role in Dealing with Social Unrest

¶9. (SBU) Philippe Armand highlighted an additional threat in Haiti: social unrest. He advised his colleagues to organize social outreach projects in poor neighborhoods. His company had organized a meeting with community representatives in the Port-au-Prince slum district of Saint Martin, and was astonished to hear how local residents regarded businessmen as ''the enemy.'' Armand stated that the meeting produced a partial change of attitude toward private business among the Saint Martin locals, but he conceded that much work remained to be done. He suggested that the USG sponsor a visit to Haiti of Irish politicians who played a role in resolving sectarian conflict in Northern Ireland, believing that such actors could help bridge the gap in Haiti between poor urban dwellers and the private sector.

Comment

¶10. (SBU) Port-au-Prince Chief Prosecutor Gassant's investigations of businessmen have left the private sector shaken but determined to work with President Preval against corruption. Hence, the private sector's agreement to form a commission to work with the government on shaping the anti-corruption campaign. We note that the AmCham appears more forward looking and enlightened than much of Haiti's business community. Post will monitor how seriously President Preval treats the commission and its recommendations, and the degree to which investigations also target state officials. Targeting big business wins the President more political points and has fewer political costs than prosecuting state officials. Progress in fighting corruption, however, demands that Preval ''grab the bull by both horns,''--not just one.
SANDERSON